



August 3, 2016

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington DC 20554

Re: Written Ex Parte Communication, MB Docket Nos. 14-50, 09-182, 07-294

Dear Ms. Dortch:

Although the Commission determined more than a decade ago that the print newspaper rule no longer serves the public interest,<sup>1</sup> an FCC fact sheet reports that the broadcast ownership order circulating for vote would make no serious modifications to the rule.<sup>2</sup> In light of this, the National Association of Broadcasters (NAB) is filing for the record the attached information regarding the plight of print newspapers for the Commission's consideration.<sup>3</sup> The attached

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<sup>1</sup> See *Prometheus Radio Project v. FCC*, Nos. 15-3863, 15-3864, 15-3865 & 15-3866, at 38 (3d Cir. May 25, 2016) (*Prometheus III*) ("[T]he 1975 [cross-ownership] ban remains in effect to this day even though the FCC determined more than a decade ago that it is no longer in the public interest. This has come at significant expense to parties that would be able, under some of the less restrictive options being considered by the Commission, to engage in profitable combinations.").

<sup>2</sup> FCC, *Fact Sheet: Updating Media Ownership Rules in the Public Interest* (rel. Jun. 27, 2016).

<sup>3</sup> Since July 6, NAB has filed various articles discussing the challenges faced by print newspapers and the public's increasing reliance on non-print outlets for news and information. See NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 6, 2016) at Attachment, David Glance, "The story of the nosebleed decline of the newspaper industry told in pictures," *The Conversation* (June 5, 2016), available at: <http://theconversation.com/the-story-of-the-nosebleed-decline-of-the-newspaper-industry-told-in-pictures-60530>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 7, 2016) at Attachment, Noah Kulwin, "Jeff Bezos is saving the Washington Post, but he won't be able to save newspapers," *recode* (June 28, 2016) available at: <http://www.recode.net/2016/6/28/12050416/jeff-bezos-saving-washington-post-but-not-newspapers>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 8, 2016) at Attachment, Erik Sass, "Print Ad Declines: Newspaper, Magazine Revs Fall Again," *Publishers Daily, TheDailyBlog*, (June 27, 2016), available at: <http://www.mediapost.com/publications/article/279073/printaddeclinesnewspapermagazinerevsfalla.html?print>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 11, 2016) at Attachment, Athena Cao, "Newspapers' woes linger as digital ad spending, cable network revenues rise," *USA Today*, (June 15, 2016), available at: <http://www.usatoday.com/story/money/2016/06/15/news-media-yahoo-google-twitter-facebook-verizon-tv/85937176/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 12, 2016) at Attachment, Joshua Benton, "Tampa just lost a daily newspaper; is this the continuation of an old trend or the start of a new one?," *NiemanLab*, (May 4, 2016), available at: <http://www.niemanlab.org/2016/05/tampa-just-lost-a-daily-newspaper-is-this-the-continuation-of-an-old-trend-or-the-start-of-a-new-one/>; NAB Ex Parte in MB

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article, discusses how “[t]he decline of print, the growing use of smartphones and social media, and the rise of ad blockers are changing the way we get our news.”<sup>4</sup> Citing a study on worldwide news consumption conducted by the Reuters Institute for the Study of Journalism,

Docket Nos. 14-50, 09-182, 07-294 (filed July 13, 2016) at Attachment, Nick Madigan, "An Abrupt End to The Tampa Tribune After a Blow Delivered by Its Rival," The New York Times, (May 20, 2016) available at: <http://nyti.ms/256WgNS>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 14, 2016) at Attachment, Patrick Seitz, "Facebook, Google Cash in on Ads as News Media Firms Struggle," Investor's Business Daily (June 15, 2016) available at: <http://www.investors.com/news/technology/click/facebook-google-cash-in-on-ads-as-news-media-firms-struggle/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 15, 2016) at Attachment, Margaret Sullivan, "Face it, Facebook. You're in the News Business," Washington Post (July 10, 2016), available at: [https://www.washingtonpost.com/lifestyle/style/face-it-facebook-youre-in-the-news-business/2016/07/10/cc53cd70-451a-11e6-bc99-7d269f8719b1\\_story.html](https://www.washingtonpost.com/lifestyle/style/face-it-facebook-youre-in-the-news-business/2016/07/10/cc53cd70-451a-11e6-bc99-7d269f8719b1_story.html) ("With the advent of live-streaming options — Facebook Live and Periscope, primarily — their already huge influence in the news universe has taken another stunning leap."); NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 18, 2016) at Attachment, Benny Evangelista, "Americans turning to mobile phones for news, Pew study shows," SFGate.com (July 7, 2016), available at: <http://www.sfgate.com/business/article/Americans-turning-to-mobile-phones-for-news-Pew-8344673.php>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 19, 2016) at Attachment, Dan Tynan, "Democracy in Action on Twitter's Live Stream," Consumer Reports (July 16, 2016), available at: <http://www.consumerreports.org/phones-mobile-devices/watch-the-convention-coverage-on-twitters-live-stream/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 20, 2016) at Attachment, Dan Kennedy, "Print Is Dying, Digital Is No Savior: The Long, Ugly Decline of The Newspaper Business Continues Apace," WGBH News, (January 26, 2016), available at: <http://news.wgbh.org/2016/01/26/local-news/print-dying-digital-no-savior-long-ugly-decline-newspaper-business-continues>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 21, 2016) at Attachment, David Chavern, "Commentary: FCC Rule Limits Newspapers' Access to Capital, Growth," Philly.com (July 18, 2016), available at: [http://www.philly.com/philly/opinion/20160718\\_Commentary\\_FCC\\_rule\\_limits\\_newspapers\\_access\\_to\\_capital\\_growth.html](http://www.philly.com/philly/opinion/20160718_Commentary_FCC_rule_limits_newspapers_access_to_capital_growth.html); NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 22, 2016) at Attachment, Max Kutner, "As Print Journalism Declines, Fate of Sidewalk Newspaper Boxes is Unclear," Newsweek (Dec. 20, 2015), available at: <http://www.newsweek.com/2016/01/15/decline-newspaper-boxes-407158.html>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 25, 2016) at Attachment, Mathew Ingram, "Print readership is still plummeting, and paywalls aren't really helping," Fortune (June 1, 2015), available at: <http://fortune.com/2015/06/01/print-readership-paywalls/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 26, 2016) at Attachment, Rick Edmonds, "Newspaper Industry Lost 3,800 Full Time Professionals in 2014," Poynter.org (July 28, 2015), available at: <http://www.poynter.org/2015/newspaper-industry-lost-3800-full-time-editorial-professionals-in-2014/360633/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 27, 2016) at Attachment, Malathi Nayak and Deborah M. Todd, "Verizon to buy Yahoo's core business for \$4.8 billion in digital ad push," Reuters (July 25, 2016), available at: <http://www.reuters.com/article/us-yahoo-m-a-verizon-idUSKCN1040U9>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 28, 2016) at Attachment, Benjamin Mullin, "The New York Times of the future is beginning to take shape," Poynter (May 21, 2016), available at: <http://www.poynter.org/2016/the-new-york-times-of-the-future-is-beginning-to-take-shape/413097/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 29, 2016) at Attachment, Gerry Smith, "The Fading Newspaper," Bloomberg QuickTake (April 19, 2016), available at: <http://www.bloomberg.com/quicktake/the-fading-newspaper>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed August 1, 2016) at Attachment, Jack Loechner, "Newspaper Revenues Tank Some More," MediaPost (July 22, 2016), available at: <http://www.mediapost.com/publications/article/280499/newspaper-revenues-tank-some-more.html>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed August 2, 2016) at Attachment, Todd Spangler, "YouTube to Live-Stream GOP, Dem Conventions in 360-Degree Video, Facebook to Host Media Lounges," Variety (July 14, 2016), available at: <http://variety.com/2016/digital/news/youtube-facebook-republican-democratic-conventions-1201814474/>

<sup>4</sup> Smitha Khorana and Nausicaa Renner, "Social media is on the rise, but not like you'd expect," Columbia Journalism Review (June 21, 2016), available at: [http://www.cjr.org/tow\\_center/reuters\\_report.php](http://www.cjr.org/tow_center/reuters_report.php) (attached hereto).

the story observes that for 17 percent of Americans, the first daily point of contact with news is through their smartphone, as compared to only 6 percent in print.<sup>5</sup> Social media “is not just a new way to access and read news, it is also changing the patterns and culture around news consumption” and is “encouraging discourse and debate around the news.”<sup>6</sup>

To the extent that Commission’s rationale for restricting print newspaper ownership relates to viewpoint diversity or independent “voices,” NAB notes that a newspaper that has closed its doors can no longer provide a viewpoint or serve as a “voice.” Retaining a rule that deters investment by broadcasters in the struggling print newspaper industry certainly cannot serve the public interest. Rather, the only result that can rationally be expected from the continued prohibition is to hasten the demise of print newspapers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Rick Kaplan', with a long horizontal flourish extending to the right.

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Rick Kaplan  
General Counsel and Executive Vice President  
Legal and Regulatory Affairs

Attachment

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<sup>5</sup> *Id.*, citing Nic Newman et al, “Reuters Institute Digital News Report 2016,” Reuters Institute for the Study of Journalism, available at: <http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Digital-News-Report-2016.pdf>.

<sup>6</sup> *Id.*

# Columbia Journalism Review.

(<http://www.cjr.org/index.php>)

## Social media is on the rise, but not like you'd expect

*Photo: AP*

*The Reuters Institute Digital News Report is co-sponsored by the Tow Center for Digital Journalism, and is available online at [digitalnewsreport.org](http://www.digitalnewsreport.org) (<http://www.digitalnewsreport.org>). Click here (<http://towcenter.org/digital-news-livestream/>) to see a discussion of the report, and here*

*([http://www.cjr.org/tow\\_center/platforms\\_and\\_publishers\\_new\\_research\\_from\\_the\\_tow\\_center.php](http://www.cjr.org/tow_center/platforms_and_publishers_new_research_from_the_tow_center.php)) to read Emily Bell's analysis of Tow research on the close relationship between platforms and publishers.*

**AS READERS WORLDWIDE** increasingly rely on distributed news—found through social media and other aggregators, rather than on a publication's homepage—their awareness of newspaper brands and individual journalists may be deteriorating.

The decline of print, the growing use of smartphones and social media, and the rise of ad blockers are changing the way we get our news. But a new report this week (<http://www.digitalnewsreport.org/>) by the Reuters Institute for the Study of Journalism (<http://reutersinstitute.politics.ox.ac.uk/>) suggests that the rise of social media as a journalistic platform is also changing the way readers understand what news is and how it is produced.

### **Shift from traditional news**

The (<http://www.digitalnewsreport.org/>) 2016 Reuters Institute Digital News Report (<http://www.digitalnewsreport.org/>) is based on a YouGov survey about several different platforms for news access, including traditional media like TV, radio, and print, as well as digital outlets. Not surprisingly, social media is the big winner. Across the 26 countries and 50,000 online news consumers surveyed, half of respondents say they use social media for news, and 12 percent say it is their main source for news. In the United States, the number of people who use social media for news has almost doubled since 2013, and this number is expected to rise.

Social media is not just a new way to access and read news, it is also changing the patterns and culture around news consumption. With alerts about breaking news, we no longer have to go to *The New York Times* homepage—the stories come to us. Social media and smartphones have also changed how we interact with news throughout the day: 17 percent of those in the US report their first daily point of contact with the news is through their smartphone. Only 6 percent are reading print first thing in the morning.

*Social media is not just a new way to access and read news, it is also changing the patterns and culture around news consumption.*

These numbers vary with geography, along with the cultural habits of each country. France and Germany, for instance, have the largest percentage of traditional news consumption of the countries surveyed, despite the rise in social platforms, because of “a strong tradition of sitting down and watching the evening TV bulletins,” Reuters notes. Likewise, in Finland and Japan, where digital literacy is high, “a significant minority still sit down with a printed newspaper in the morning.” And while Facebook is the largest social network for news worldwide, people in other countries also rely on a variety of other news aggregators and messaging apps to share news with friends.

One of the most surprising findings of the Reuters report is that news consumers on social media don't necessarily watch video. Platforms and publishers alike have been pouring money into video sharing, such as Facebook Live. One Facebook executive even predicted last week that in the next five years video (<http://qz.com/706461/facebook-is-predicting-the-end-of-the-written-word/>) will replace the written word (<http://qz.com/706461/facebook-is-predicting-the-end-of-the-written-word/>). But the report suggests that many news consumers are resistant to watching video because it is faster to read an article, and because of the ads that often precede videos. While video consumption is highest in the United States at 33 percent, heavy social media users are about 50 percent more likely to access online news videos, making it likely that as social media use continues to increase, so will video consumption.

### **Is social media the new public sphere?**

The Reuters study supports the notion that social media is encouraging discourse and debate around the news. A quarter of news readers on social media share links during the week, and these same people, the report notes, “are people who tend to be passionate about subjects like politics, business, technology, or the environment.”

But by consuming the news through the medium of a social network, there is a risk that readers only see a selection of news stories personalized to their own past consumption patterns and unique social circle. Social media platforms use algorithms, based on reading habits, to target readers with news the platform thinks will be of interest. The

director of research at Reuters, Rasmus Klein Nielsen, writes in the report that readers do like getting news that is personalized for them by algorithms—and that they often prefer this to news that is selected by the editorial process.

*Platforms and publishers alike have been pouring money into video sharing, such as Facebook Live. But the report suggests that many news consumers are resistant to watching video.*

The upside is that readers also tend to be worried that they will “miss out on important information and challenging viewpoints.” Nic Newman, the author of the Reuters report, said in a Facebook Live-BBC broadcast that 70 percent of people are concerned with missing out on viewpoints as a result of personalization of news, suggesting that social media users are more informed about changes in their news ecosystem than expected.

This is something to keep an eye on. As personalized news, tailored to our particular identities and interests, becomes more popular, it is important to remain aware that our social circle has an impact on the stories we read and watch—to the exclusion of other stories and viewpoints.

### **Awareness of news brands**

As Facebook has become a major source of online news consumption, replacing news organizations' homepages as a destination, citizens' relationships to newspaper brands is shifting. When a *New York Times* article appears on a Facebook feed, are readers paying attention to the source, or focusing mainly on the headline, image, or content with little concern about the news brand and whether they trust it?

In the US, only 52 percent reported that they notice news brands on social media, and only 49 percent on aggregators. In Japan and South Korea, brands are only noticed about a quarter of the time when accessed through aggregators. While these numbers vary in

different countries, the Reuters report indicates that in a distributed news environment, consumers care less about news brand. The report also suggests that while people have an idea about which brands they trust for “hard news,” “soft news” is growing in reach, especially on social media. And for “soft news,” people seem less concerned about brand.

*Because Facebook and other social media platforms have the ability to shape how new stories are presented on their site, they also have the power to change the meaning and resonance of the way citizens relate to the brand at large.*

Even if readers are tangentially aware of branding when they see a news article on social media, it's possible that over time the strength of this branding will be diluted by how it is presented in newsfeeds. Because Facebook and other social media platforms have the ability to shape how new stories are presented on their site, they also have the power to change the meaning and resonance of the way citizens relate to the brand at large.

And the erosion of brand loyalty poses a threat to the integrity of journalism. As brands become less visible, there is a danger that the lines between news and information, reporting, and narrative will become blurred.

Of course, the relationships between brands, trust, and social media are complex, and the political and cultural context of those relationships is hugely important. We see this in the example of Greece, where media availability and consumption has been influenced by the economic climate. There, social media is the main source of news, more than TV and print combined—in large part because people don't trust traditional news organizations.

### **The survival of publishers**



The awareness of news organization brands also has implications for the business models of newspapers. Facebook has both provided a new venue for newspapers to reach readers and enabled people to see diverse publications in their newsfeeds (<http://www.politico.com/media/story/2016/06/cruel-summer-for-newspapers-004610#ixzz4C9OSVcqs>). But if people aren't aware of which outlets their news is coming from, they may be less likely to pay for particular brands. The danger of this is that publishers themselves will become irrelevant.

Journalism is in desperate need of a business model that can support reporting and publishing in the face of decreased revenues from both declining digital ads and subscriptions. (The exception to this rule is the Scandinavian countries. In Sweden, despite a 6 percent decrease in print circulation, there is a 20 percent rate of payment of online news. The report suggests this may be due to language barriers—Swedish language news is not globally available for free in the way that English language news is, for instance.)

“There is a real air of defeatism in the industry about even the possibility of getting readers to pay,” writes Mark Thompson, CEO of *The New York Times*, in an essay for the report on “The Challenging New Economics of Journalism” (<http://www.digitalnewsreport.org/essays/2016/the-challenging-new-economics-of-journalism/>).” But prospects for advertising are equally grim, he writes. Thompson’s advice? Make every story worth paying for. And charge readers for it. So far, the *Times* has been seeing success in a strategy of digital subscriptions. But Facebook’s ability to erase the brand visually from the newsfeed puts even this strategy at risk. As CEO of Edelman UK and Ireland Ed Williams adds, “if they can’t trust a source, their view is, why should I pay for this?”

The digital news environment is changing so quickly, it can be hard to keep up. But behind all news is a relationship with readers. The Reuters Institute Digital News Report reminds us that, for a full picture of global digital news, publishers need to pay attention not just to numbers, but to the way news weaves into our lives.

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Smitha Khorana and Nausicaa Renner are the authors of this article. Smitha Khorana is a Tow Center post-doctoral fellow at Columbia Journalism School. Nausicaa Renner is an associate editor at the *Columbia Journalism Review* and the Tow Center for Digital Journalism. She tweets at @nausjcaa (<https://twitter.com/nausjcaa>).